

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-12 NEA-10 ISO-00 IO-14 H-02 L-03 PA-02
AID-05 CIAE-00 COME-00 EB-08 FRB-01 INR-10
NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 SS-15 STR-07 CEA-01 /134 W
-----081280 112101Z /64

R 110035Z JUL 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9995
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMCONSUL HONGKONG
AMEMBASSY KUALA LUMPUR
AMEMBASSY KATHMANDU
AMEMBASSY KABUL
AMEMBASSY MANILA
AMCONSUL MEDAN
AMEMBASSY NEW DELHI
AMEMBASSY PORT MORESBY
AMEMBASSY RANGOON
AMCONSUL SURABAYA
AMEMBASSY SINGAPORE
AMEMBASSY SEOUL
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY SUVA
AMEMBASSY VIENTIANE
AMEMBASSY WELLINGTON

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MANILA ALSO FOR USADB

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EO 11652: NA
TAGS: ETRD, EFIN, BEXP, ID
SUBJ: U.S. PROCUREMENT FROM ASIAN DEVELOPMENT BANK (ADB)

REF: STATE 155300

1. IN INDONESIA FEASIBILITY/CONSULTANCY STUDIES ARE

SIGNIFICANT FACTOR FOR SUCCESS IN GAINING IFI AND GOI-FINANCED CONSTRUCTION/PROCUREMENT CONTRACTS. LATEST EXAMPLE OF THIS IS JUST AWARDED 1.04 BILLION DOLLAR CONTRACT FOR MAJOR COAL, TRANSPORTATION AND POWER GENERATION PROJECT THAT WENT TO A CANADIAN CONSORTIUM, WHOSE MEMBERS DID ALL FEASIBILITY STUDIES FOR THIS MASSIVE PROJECT.

2. THE USG SHOULD FIND WAYS TO IMPROVE THE SATISFACTORY ADB RECORD OF AMERICAN ENGINEERING FIRMS WHILE AWAITING US PRICES TO IMPROVE, WHICH SHOULD RESULT FROM THE SHARP ADJUSTMENT IN EXCHANGE RATES.

TO DATE IN INDONESIA US HEAVY EQUIPMENT REPRESENTATIVES HAVE SEEN NO DECLINE IN PRICES OF US PRODUCTS NOR SIGNIFICANT PRICE RISES IN JAPANESE MACHINERY. ONE INDUSTRY SOURCE SUGGESTED THAT CONTINUING 8-10 PERCENT US INFLATION RATE COMBINED WITH THE IMMEDIATE SIGNIFICANT REDUCTION TO JAPAN OF COSTS FOR IMPORTED RAW MATERIALS ARE MAJOR REASONS FOR LACK OF COMPETITIVE CHANGE.

3. JAKARTA HAS FOUND THAT U FIRMS ARE LESS WELL INFORMED ABOUT ADB PROJECTS THAN THOSE OF IBRD. WE LARGELY ATTRIBUTE THIS TO ABSENCE OF ADB OFFICES OUTSIDE OF MANILA. WE TRY TO MEET THE INFORMATION AND TIME GAP BY DISSEMINATING INFORMATION GAINED FROM THE ADB MONTHLY OPERATIONAL LISTING IN BIMONTHLY TRADE US COMMERCIAL NEWSLETTER. AS WELL AS BRIEFING BUSINESS VISITORS ON ADB ACTIVITIES WE SEND FOLLOW-UPS DIRECTLY TO THOSE WHO HAVE EXPRESSED INTEREST IN SPECIFIC PROJECTS, AS FURTHER UNCLASSIFIED

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INFORMATION BECOMES AVAILABLE.

4. EMBASSY JAKARTA SUGGESTS THAT THE IMPORTANT SHORT AND MEDIUM TERM ROLE THAT USG AGENCIES SHOULD PLAY IS TO QUICKLY PASS EARLY INFORMATION THROUGH A NUMBER OF CHANNELS, TO ENCOURAGE, TO PUBLICIZE AND STIMULATE USG EQUIPMENT SUPPLIERS TO GET INTERESTED IN THE HIGHLY PROFITABLE MARKET OVERSEAS. WE HAVE OBSERVED EVEN WHEN LOCAL REPS ARE AWARE OF ADB PROJECTS, AT TIMES THIS INFORMATION IS NOT TRANSLATED INTO AGGRESSIVE ACTION BECAUSE HOME OFFICES DO NOT REALIZE THE OVERALL MARKET POTENTIAL. ADB MADE NEARLY 900 MILLION DOLLARS IN LOAN COMMITMENTS LAST YEAR TO A RELATIVELY SMALL NUMBER OF COUNTRIES WHICH WERE GEOGRAPHICALLY LINKED AND NEARLY ALL USE ENGLISH AS THE COMMERCIAL LANGUAGE. THIS KIND OF INFORMATION AND LARGE MARKET SIZE IF PROPERLY ADVERTISED SHOULD STIMULATE MORE INTEREST BY SMALL AND MEDIUM-SIZED FIRMS.

5. THE VERY GOOD SUGGESTION LISTED IN REFTEL PARA FIVE WOULD HELP GET INFORMATION OUT EARLIER AND COULD INCREASE AWARENESS OF GREAT SALES OPPORTUNITIES OFFERED BY ADB PROJECTS. AS ONE SUGGESTION FOR IMPROVING INFORMATION TO US FIRMS USDOC MIGHT PUBLISH PERIODICALLY IN COMMERCE AMERICA LIST OF UPCOMING ADB PROJECTS OR LIST MIGHT BE DISTRIBUTED AS A NITS DOCUMENT. SUCH A LIST MIGHT BE PREPARED BY

USADB OR AMEMBASSY MANILA AS A REGULAR TELEGRAPHIC REPORT.

6. WE AGREE WITH EMBASSY NEW DELHI (NEW DELHI 10226) THAT THE EXIMBANK IS AN IMPORTANT AVENUE IN OUR ENDEAVORS TO ASSIST U.S. EXPORTERS. EXIM COFINANCING OR GUARANTOR OF DEVELOPMENT PROJECTS WOULD INDEED ENCOURAGE GREATER US BANK AND COMPANY INVOLVEMENT, LIKEWISE EXIMBANK FINANCING OF FEASIBILITY/CONSULTANCY STUDIES WOULD BE AN IMPORTANT FACTOR TO INCREASE US EXPORT SALES.
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